

Message Text

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ACTION STR-07

INFO OCT-01 NEA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 OIC-02 AF-10 ARA-10 EA-10 EUR-12
/159 W

-----022543 241946Z /43

P 241736Z FEB 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 6429
INFO AMEMBASSY NEW DELHI

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USMTN

STR FOR ACTION

STR PASS CODEL

E.O. 11652: N/A
TAGS: MTN, ETRD, IN
SUBJEC: US/NDIA BILATERAL ON US TARIFF OFFER

1. SUMMARY: MTN DEL (GRAEF ET AL) MET WITH INDIA DEL
(KUMAR, SANDILYA) ON FEBRUARY 21 TO DISCUSS US OFFER.
TENTATIVE AGREEMENT WAS REACHED ON A WORK PROGRAM INCLUD-
ING A MEETING TO CLARIFY US REQUESTS NEXT WEEK IN PREPARA-
TION FOR THE FIRST NEGOTIATING SESSION TO BE HELD DURING
THE WEEK OF MARCH 13. INDIA WILL HAVE A TEAM FROM NEW
DELHI IN GENEVA MARCH 13-27 LED BY HODA OF MINISTRY OF
INDUSTRY AND COMMERCE. KUMAR INDICATED THAT GOI WOULD
TABLE A FURTHER REQUEST LIST BY MARCH 1 WHICH WOULD INCLUDE
REQUESTS FOR "NON-LIBERALIZING" FORMS OF S&D. END SUMMARY.
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2. MTN DEL OUTLINED VALUE OF US TARIFF OFFER TO INDIAN
DELEGATION DRAWING FROM A SURVEY OF TARIFF LINES ON WHICH
INDIA HAD 5 PER CENT OR GREATER MARKET SHARE AND AT LEAST
\$100,000 TRADE IN 1976. WE NOTED THAT FULL US TRADE ACT
AUTHORITY WAS OFFERED ON ITEMS TOTALLING 95 MILLION DOLLARS
FORMULA OR GREATER THAN FORMULA OFFERS ON 38 MILLION

DOLLARS AND LESS THAN FORMULA OFFERS ON 96 MILLION DOLLARS. EXCEPTIONS WERE ONLY TAKEN ON ITEMS TOTALING 16 MILLION DOLLARS. THE LATER TWO CATEGORIES ARE MADE UP ENTIRELY OF TEXTILE PRODUCTS. IN ADDITION WE STRESSED THE 50 PRODUCTS ON WHICH INDIA WAS FIRST SUPPLIER IN OUR MARKET TOTALLING \$33 MILLION AND 13 PRODUCTS ON WHICH INDIA WAS SECOND SUPPLIER. MTN DEL POINTED TO THE FACT THAT THE US OFFER WAS ALSO RESPONSIVE TO REQUESTS FOR SPECIAL AND DIFFERENTIAL TREATMENT TABLED BY INDIA ON JANUARY 18. US HAD OFFERED FULL AUTHORITY OR GREATER THAN FORMULA CUTS ON 17 OF 38 ITEMS REQUESTED.

3. FYI AMEMBASSY NEW DELHI: FIGURES CITED ABOVE ARE BASED ON CONFIDENTIAL OFFER WHICH IS CLASSIFIED GATT SECRET AND, DUE TO SENSITIVITY, SHOULD NOT BE CITED IN CONVERSATIONS WITH PRESS AND PRIVATE SECTOR CONTACTS. END FYI.

4. KUMAR WAS NON-PLUSSED BY THIS PRESENTATION AND ATTEMPTED TO DETERMINE THE FLEXIBILITY THE US HAD TO IMPROVE ITS OFFER. HE PARTICULARLY PRESSED FOR THE UPGRADING OF LESS THAN FORMULA CUTS ON HAND LOOMED FABRICS AND SOUGHT FOR A WAY OUT OF THE MANDATORY EXCEPTION ON FOOTWEAR AFFECTING 'KOLOHAPUTI CHAPPALS'. IN ADDITION KUMAR INDICATED THAT INDIA INTENDED TO TABLE FURTHER REQUESTS INCLUDING REQUESTS THAT THE US TAKE EXCEPTIONS OR LESS THAN FORMULA LIMITED OFFICIAL USE

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CUTS TO PRESERVE GSP MARGINS OF PREFERENCE.

5. MTN DEL OUTLINED BRIEFLY REASONS FOR LESS THAN FORMULA CUTS ON HAND LOOMED FABRICS, STATED THAT MANDATORY EXCEPTION ON FOOTWEAR PRODUCTS WAS A LEGAL QUESTION AND SAID THAT WHILE THE "US WOULD NOT REFUSE REQUEST FOR NON-LIBERALIZING S&D", WE WOULD NOT RESPOND FAVORABLY TO THEM. WE WENT OVER THE POLICY REASONS FOR OUR POSITION (SEE 77-GENEVA 8045) AS WE HAVE ON SEVERAL OCCASIONS WITH KUMAR. HE INDICATED APPRECIATION FOR US POLICY POSITION BUT STATED THE INDIAN REQUEST WOULD BE USEFUL TO THE US IF WE WANTED TO MATCH TARIFF WITHDRAWALS BY OUR DEVELOPED PARTNERS. (FYI - IN A SEPARATE CONTACT KUMAR INDICATED THAT EC WAS OPENLY SOLICITING THIS TYPE OF REQUEST - END FYI).

6. WITH RESPECT TO THE FUTURE WORK PROGRAM THE TWO DELEGATIONS AGREED TO MEET THE WEEK OF FEBRUARY 27 TO INFORMALLY EXCHANGE VIEWS ON THE PROGRESS OF CODE NEGOTIATIONS AND TO DISCUSS US REQUESTS. KUMAR INDICATED THAT A TEAM OF EXPERTS HEADED BY HODA THE MINISTRY OF INDUSTRY AND COMMERCE WOULD ARRIVE IN GENEVA THE WEEK BEGINNING MARCH 13 AT WHICH TIME SUBSEQUENT NEGOTIATIONS COULD BE ENTERED.

7. COMMENT: BASED ON REF CABLES IT IS CLEAR THAT INDIA
WILL TRY TO ESTABLISH CREDIT FOR THE TRADE LIBERALIZATION
WHICH THEY WILL PUT INTO EFFECT ON APRIL 1. THEY ARE
CONCERNED THAT ONCE MADE THE VALUE OF THESE CONTRIBUTIONS
TO THE MTN WILL BE DISCOUNTED, AND ARE LIKELY TO SEEK PRIOR
AGREEMENT ON ITS VALUE. END COMMENT.

8. DRAFTED BY GRAEF. CULBERT

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